

## Gazette opinion

# License law chokes new business

Casinos are becoming bigger businesses. All across Montana, people have been plunking more money into video gaming machines. But as the profitability of gambling grows, the state-created shortage of liquor licenses discourages restaurants that want to offer alcoholic beverages. The quota system set up to stop the proliferation of bars has instead pushed license holders into gambling.

The irrationality of Montana's liquor license system has plagued the state for decades. But this week's special report by The Gazette's Ed Kemmick shed new light on the situation: Billings is among the growing cities where liquor licenses are almost unaffordable for restaurateurs and nearly unattainable for any new business. The number of liquor licenses in a community is limited by the state. But once a license has been obtained the owner can resell it. That limit and resale ability have pushed the market price of an all-beverage license in Billings to nearly \$900,000. You'd have to sell a lot of steaks and whiskey to cover that kind of investment. That's why most liquor license holders opt to put in video gaming machines, too. Each liquor license holder can have up to 20 video gaming machines. Last year, \$1.13 billion was gambled in machines throughout Montana, dwarfing all other forms of gambling put together.



Montana  
Legislature  
2007

## Drinking without gambling

The state ought to offer more liquor licenses that don't allow gambling. The state ought to make more restaurant beer and wine licenses available. Those licenses, sometime called "cabaret licenses," are available in limited number to businesses that derive at least 65 percent of gross revenue from food sales. The state charges \$5,000 to \$20,000 for cabaret licenses, depending on the number of tables in the eatery.

The state also ought to offer all-beverage liquor licenses that don't allow gambling in businesses that are focused primarily on dining. Making liquor-only licenses available shouldn't significantly hurt the value of existing liquor licenses that allow gambling in the establishment.

## Legislative debate needed

It's time to have another public discussion about how Montana allocates liquor licenses. Both Democratic and Republican legislators have requested bill drafts to revise liquor licensing laws.

New restaurants have been delayed for years or have given up on the Billings market because of archaic laws. Billings isn't the only place where liquor laws are drowning out new business, but it offers a glaring illustration. Lawmakers should take another look at how to allow new businesses not focused on alcohol sales or gambling to enter the market while protecting the investment of current license holders. Quotas shouldn't be pricing fine restaurants out of Montana markets.

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